

FISCAL NOTE
SB 2974 - HB 2837

February 26, 2004

SUMMARY OF BILL: Requires tobacco manufactures to pay an assessment if the amounts actually paid or placed in escrow were less than the amount required under the Master Settlement Agreement. The assessment is computed based upon the amount paid under the agreement or paid into escrow per unit sold versus the amount that would be payable per unit based upon the manufacturer's market share. For any escrow deposit not made within 30 days of receipt of the reports required by the bill, a penalty of 1% per day, not to exceed 15%, would be imposed. The bill also requires the Department of Revenue to update its web directory twice monthly. Current law requires the department to update this directory as needed.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$42,500 Recurring
\$13,350 One Time

Increase State Revenues - Less than \$100,000

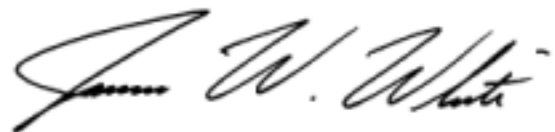
Estimate assumes:

- The mathematical calculations provided in Section 4 of the bill that require division in each calculation were meant to be multiplied by the result of the division.
- The increase in recurring state expenditures are due to increased personnel requirements in the Department of Revenue plus annual notification costs to the Department of Revenue.
- The one-time expenditures are for the Department of Revenue to make necessary changes to its web site and to provide supplies for the additional staff.
- The increase in state revenues is attributable to the assessments and penalties provided by the bill. It is assumed that tobacco manufacturers will voluntarily comply with the provisions of the bill in order to avoid assessments and penalties.

NOTE: According to the Office of the Attorney General, alterations to the escrow requirements of the Master Settlement Agreement potentially jeopardize the ability of the state to collect portions of the settlement.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director